

United States Bankruptcy Court DISTRICT OF ARIZONA				Voluntary Petition																					
Name of Debtor (if individual, enter Last, First, Middle): <b>FIRST MAGNUS FINANCIAL CORPORATION</b>			Name of Joint Debtor (Spouse) (Last, First, Middle):																						
All Other Names used by the Debtor in the last 8 years (include married, maiden, and trade names): <b>SEE ATTACHED LIST</b>			All Other Names used by the Joint Debtor in the last 8 years (include married, maiden, and trade names):																						
Last four digits of Soc. Sec./Complete EIN or other Tax I.D. No. (if more than one, state all): <b>86-0830673</b>			Last four digits of Soc. Sec./Complete EIN or other Tax I.D. No. (if more than one, state all):																						
Street Address of Debtor (No. and Street, City, and State):  <b>603 North Wilmot Road, Tucson, AZ 85711</b> <span style="border: 1px solid black; padding: 0 20px;">ZIP CODE</span>			Street Address of Joint Debtor (No. and Street, City, and State):  <span style="border: 1px solid black; padding: 0 20px;">ZIP CODE</span>																						
County of Residence or of the Principal Place of Business: <b>PIMA</b>			County of Residence or of the Principal Place of Business:																						
Mailing Address of Debtor (if different from street address):  <span style="border: 1px solid black; padding: 0 20px;">ZIP CODE</span>			Mailing Address of Joint Debtor (if different from street address):  <span style="border: 1px solid black; padding: 0 20px;">ZIP CODE</span>																						
Location of Principal Assets of Business Debtor (if different from street address above):  <span style="border: 1px solid black; padding: 0 20px;">ZIP CODE</span>			<span style="border: 1px solid black; padding: 0 20px;">ZIP CODE</span>																						
<b>Type of Debtor</b> (Form of Organization) (Check one box.)  <input type="checkbox"/> Individual (includes Joint Debtors) <i>See Exhibit D on page 2 of this form.</i> <input checked="" type="checkbox"/> Corporation (includes LLC and LLP) <input type="checkbox"/> Partnership <input type="checkbox"/> Other (If debtor is not one of the above entities, check this box and state type of entity below.)		<b>Nature of Business</b> (Check one box.)  <input type="checkbox"/> Health Care Business <input type="checkbox"/> Single Asset Real Estate as defined in 11 U.S.C. § 101(51B) <input type="checkbox"/> Railroad <input type="checkbox"/> Stockbroker <input type="checkbox"/> Commodity Broker <input type="checkbox"/> Clearing Bank <input checked="" type="checkbox"/> Other  <b>Tax-Exempt Entity</b> (Check box, if applicable.)  <input type="checkbox"/> Debtor is a tax-exempt organization under Title 26 of the United States Code (the Internal Revenue Code).		<b>Chapter of Bankruptcy Code Under Which the Petition is Filed</b> (Check one box.)  <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 9 <input checked="" type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13  <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Main Proceeding <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Nonmain Proceeding  <b>Nature of Debts</b> (Check one box.)  <input type="checkbox"/> Debts are primarily consumer debts, defined in 11 U.S.C. § 101(8) as "incurred by an individual primarily for a personal, family, or household purpose." <input checked="" type="checkbox"/> Debts are primarily business debts.																					
<b>Filing Fee</b> (Check one box.)  <input checked="" type="checkbox"/> Full Filing Fee attached.  <input type="checkbox"/> Filing Fee to be paid in installments (applicable to individuals only). Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form 3A.  <input type="checkbox"/> Filing Fee waiver requested (applicable to chapter 7 individuals only). Must attach signed application for the court's consideration. See Official Form 3B.			<b>Chapter 11 Debtors</b>  <input type="checkbox"/> Debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). <input checked="" type="checkbox"/> Debtor is not a small business debtor as defined in 11 U.S.C. § 101(51D).  <b>Check if:</b> <input type="checkbox"/> Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,190,000.  <b>Check all applicable boxes:</b> <input type="checkbox"/> A plan is being filed with this petition. <input type="checkbox"/> Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).																						
<b>Statistical/Administrative Information</b>  <input checked="" type="checkbox"/> Debtor estimates that funds will be available for distribution to unsecured creditors. <input type="checkbox"/> Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.					THIS SPACE IS FOR COURT USE ONLY																				
<b>Estimated Number of Creditors</b> <table style="width: 100%; text-align: center;"> <tr> <td>1-49</td> <td>50-99</td> <td>100-199</td> <td>200-999</td> <td>1,000-5,000</td> <td>5,001-10,000</td> <td>10,001-25,000</td> <td>25,001-50,000</td> <td>50,001-100,000</td> <td>Over 100,000</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>						1-49	50-99	100-199	200-999	1,000-5,000	5,001-10,000	10,001-25,000	25,001-50,000	50,001-100,000	Over 100,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1-49	50-99	100-199	200-999	1,000-5,000		5,001-10,000	10,001-25,000	25,001-50,000	50,001-100,000	Over 100,000															
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>															
<b>Estimated Assets</b> <input type="checkbox"/> \$0 to \$10,000 <input type="checkbox"/> \$10,000 to \$100,000 <input type="checkbox"/> \$100,000 to \$1 million <input type="checkbox"/> \$1 million to \$100 million <input checked="" type="checkbox"/> More than \$100 million																									
<b>Estimated Liabilities</b> <input type="checkbox"/> \$0 to \$50,000 <input type="checkbox"/> \$50,000 to \$100,000 <input type="checkbox"/> \$100,000 to \$1 million <input type="checkbox"/> \$1 million to \$100 million <input checked="" type="checkbox"/> More than \$100 million																									

## Official Form 1 (04/07)

<b>Voluntary Petition</b> <i>(This page must be completed and filed in every case.)</i>		Name of Debtor(s): <b>FIRST MAGNUS FINANCIAL CORPORATION</b>	
<b>All Prior Bankruptcy Cases Filed Within Last 8 Years (If more than two, attach additional sheet.)</b>			
Location Where Filed:	Case Number:	Date Filed:	
Location Where Filed:	Case Number:	Date Filed:	
<b>Pending Bankruptcy Case Filed by any Spouse, Partner, or Affiliate of this Debtor (If more than one, attach additional sheet.)</b>			
Name of Debtor:	Case Number:	Date Filed:	
District:	Relationship:	Judge:	
<b>Exhibit A</b>  (To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11.)		<b>Exhibit B</b> (To be completed if debtor is an individual whose debts are primarily consumer debts.)  I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter. I further certify that I have delivered to the debtor the notice required by 11 U.S.C. § 342(b).	
<input checked="" type="checkbox"/> Exhibit A is attached and made a part of this petition.		X _____ Signature of Attorney for Debtor(s) (Date)	
<b>Exhibit C</b>			
Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety?			
<input type="checkbox"/> Yes, and Exhibit C is attached and made a part of this petition.			
<input checked="" type="checkbox"/> No.			
<b>Exhibit D</b>			
(To be completed by every individual debtor. If a joint petition is filed, each spouse must complete and attach a separate Exhibit D.)			
<input type="checkbox"/> Exhibit D completed and signed by the debtor is attached and made a part of this petition.			
If this is a joint petition:			
<input type="checkbox"/> Exhibit D also completed and signed by the joint debtor is attached and made a part of this petition.			
<b>Information Regarding the Debtor - Venue</b> (Check any applicable box.)			
<input checked="" type="checkbox"/> Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.			
<input type="checkbox"/> There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.			
<input type="checkbox"/> Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States in this District, or has no principal place of business or assets in the United States but is a defendant in an action or proceeding [in a federal or state court] in this District, or the interests of the parties will be served in regard to the relief sought in this District.			
<b>Statement by a Debtor Who Resides as a Tenant of Residential Property</b> (Check all applicable boxes.)			
<input type="checkbox"/> Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.)			
_____ (Name of landlord that obtained judgment)			
_____ (Address of landlord)			
<input type="checkbox"/> Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and			
<input type="checkbox"/> Debtor has included with this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition.			

Official Form 1 (04/07)

Voluntary Petition

(This page must be completed and filed in every case.)

Name of Debtor(s)

FIRST MAGNUS FINANCIAL CORPORATION

Signatures

Signature(s) of Debtor(s) (Individual/Joint)

I declare under penalty of perjury that the information provided in this petition is true and correct.

[If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12 or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7.

[If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by 11 U.S.C. § 342(b).

I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X

Signature of Debtor

X

Signature of Joint Debtor

Telephone Number (if not represented by attorney)

Date

Signature of Attorney

X

Signature of Attorney for Debtor(s)

John R. Clemency

Printed Name of Attorney for Debtor(s)

Greenberg Traurig, LLP

Firm Name

2375 E. Camelback Road, Suite 700

Address

Phoenix, Arizona 85016

602-445-8000

Telephone Number

August 21, 2007

Date

Signature of Debtor (Corporation/Partnership)

I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.

The debtor requests the relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X

Signature of Authorized Individual

Gurpreet S. Jaggi

Printed Name of Authorized Individual

President, CEO and Director

Title of Authorized Individual

08-21-07

Date

Signature of a Foreign Representative

I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign proceeding, and that I am authorized to file this petition.

(Check only one box.)

☐ I request relief in accordance with chapter 15 of title 11, United States Code. Certified copies of the documents required by 11 U.S.C. § 1515 are attached.

☐ Pursuant to 11 U.S.C. § 1511, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.

X

(Signature of Foreign Representative)

(Printed Name of Foreign Representative)

Date

Signature of Non-Attorney Bankruptcy Petition Preparer

I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(h), and 342(b); and, (3) If rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(h) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required in that section. Official Form 19B is attached.

Printed Name and title, if any, of Bankruptcy Petition Preparer

Social Security number (if the bankruptcy petition preparer is not an individual, state the Social Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.) (Required by 11 U.S.C. § 110.)

Address

X

Date

Signature of bankruptcy petition preparer or officer, principal, responsible person, or partner whose Social Security number is provided above.

Names and Social Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual.

If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.

A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both. 11 U.S.C. § 110; 18 U.S.C. § 156.

**DECLARATION UNDER PENALTY OF PERJURY  
ON BEHALF OF A CORPORATION OR PARTNERSHIP**

I, Gurpreet S. Jaggi, President, Chief Executive Officer and Director of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing Voluntary Petition and that it is true and correct to the best of my information and belief.

Date 08-21-07

Signature G. S. Jaggi

Gurpreet S. Jaggi, President, Chief  
Executive Officer and Director

1862 Home Loans
1st Rate Mortgage Company
Advanced Financial Home Loans
All Season's Financial
All-America Funding
American Home Funding
America's First
Amtrust Mortgage
Amtrust Mortgage
Antelope Valley Mortgage
Assured Financial Center
Big City Funding
Bishop Lending Group
Blue Street Financial
Central Coast Mortgage
Charter Funding
Charter Mortgage
CitiFirst Mortgage Services
Colonial Home Loans
Colonial Mortgage & Financial Services
Colorado Springs Mortgage Services
CP Financial
Crane Financial Group
Creative Mortgage
Custom Home Loans - Clark Co & Nye Co, NV
Discount Mortgage Funding
Discover Mortgage
Dream Street Lending
Eagle 1 Mortgage
Elite Mortgage Financial
Employees First Mortgage
Equity Reach Mortgage Solutions
First Magnus Credit Services
First Magnus Financial Corporation
First Magnus Home Loans
firstmagnus.com
Freedom Lending Services
Frost Mortgage
Frost Mortgage Banking Group
Gibraltar Mortgage Services
Gold Mortgage Center
Gray Financial
Great Southwest Mortgage
Great West Mortgage
Home Loan Executives
Homesmart Funding
Independence Mortgage Services
Infinity Funding Group
IQ Lend
IQ Lend
KLNB Management Mortgage Services
Lending Solutions

Lighthouse Lending
M&M Real Estate & Mortgage
Masters Team Mortgage
MLS Funding
MoneyNest
Mortgage by Design
Mortgage Concepts
Mowery & Assoc.
Online Mortgage
Pacific Inland Financial
Pacific Inland Home Mortgage
Plaza Estate Mortgage
Primetime 21 Mortgage
Professional Mortgage Alliance Group
Pueblo Mortgage
Real Financial
SouthStates Mortgage
SouthStates Mortgage
Starwin Mortgage Services
The JRC Group, Inc
Titan National Mortgage
Transamerican
Trillium Funding
Union Capital Funding
Waypoint Mortgage Company
Welcome Home Mortgage

IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF ARIZONA

In re FIRST MAGNUS FINANCIAL CORPORATION  
Debtor

Case No. \_\_\_\_\_  
(If known)  
Chapter 11

Exhibit "A" to Voluntary Petition

1. The following financial data is the latest available information and refers to First Magnus Financial Corporation's condition for the period ending May 31, 2007.

Total assets	\$942,109,860
Total liabilities	\$812,533,046
	Approximate number of holders
Fixed, liquidated secured debt	_____
Contingent secured debt	_____
Disputed secured claims	_____
Unliquidated secured debt	_____
	Approximate number of holders
Fixed, liquidated unsecured debt	_____
Contingent unsecured debt	_____
Disputed unsecured claims	_____
Unliquidated unsecured debt	_____
Number of shares of preferred stock	_____
Number of shares of common stock	_____

Comments, if any:

2. Brief description of debtor's business:

**Originating, purchasing, and selling primarily prime and Alt-A mortgage loans secured by one-to-four unit residences.**

3. List the name of any person who directly or indirectly owns, controls, or holds, with power to vote, 5% or more of the voting securities of debtor.

**100% ownership -  
First Magnus Capital, Inc.  
603 North Wilmot Road  
Tucson, AZ 85711**

**Other:**

4:07-bk-01578-JMM FIRST MAGNUS FINANCIAL CORPORATION

Type: bk

Chapter: 11 v

Office: 4 (Tucson)

Judge: JMM

Assets: y

**U.S. Bankruptcy Court**

**District of Arizona**

**Notice of Electronic Filing**

The following transaction was received from CLEMENCY, JOHN R. entered on 8/21/2007 at 12:29 PM AZ and filed on 8/21/2007

**Case Name:** FIRST MAGNUS FINANCIAL CORPORATION

**Case Number:** 4:07-bk-01578-JMM

**Document Number:** 4

**Docket Text:**

List of Twenty Largest Unsecured Creditors filed by JOHN R. CLEMENCY of GREENBERG TRAURIG LLP on behalf of FIRST MAGNUS FINANCIAL CORPORATION. (CLEMENCY, JOHN)

The following document(s) are associated with this transaction:

**Document description:**Main Document

**Original filename:**C:\Documents and Settings\vasquez\My Documents\FMFC\20 largest final.pdf

**Electronic document Stamp:**

[STAMP bkecfStamp\_ID=875559564 [Date=8/21/2007] [FileNumber=10182631-0  
] [84428a1bf0a8e5faacead47102b39d296281341c3e95ef0c6136eb2486fd36d55c9  
cc1f729d3073fa603e82ff1ba1e4d8cebd4642297655c6e25f86aee5af158]]



Form 4. LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF ARIZONA

In re FIRST MAGNUS FINANCIAL CORPORATION  
Debtor

Case No. 4:07-bk-01578-JMM

Chapter 11

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

Following is the list of the debtor's creditors holding the 20 largest unsecured claims. The list is prepared in accordance with Fed. R. Bankr. P. 1007(d) for filing in this chapter 11 [or chapter 9] case. The list does not include (1) persons who come within the definition of "insider" set forth in 11 U.S.C. §101, or (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims. If a minor child is one of the creditors holding the 20 largest unsecured claims, indicate that by stating "a minor child" and do not disclose the child's name. See 11 U.S.C. § 112; Fed. R. Bankr. P. 1007(m).

(1)	(2)	(3)	(4)	(5)
<i>Name of creditor and complete mailing address including zip code</i>	<i>Name, telephone number and complete mailing address including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	<i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>Indicate if claim is contingent, unliquidated, disputed or subject to setoff</i>	<i>Amount of claim [if secured also state value of security]</i>
1.	(1) National Bank of AZ LOC 335 N. Wilmot Tucson, AZ 85711			
	(2)			
	(3) Trade Debt			
	(4)			
	(5) \$5,000,000.00			
2.	(1) WNS North America Inc. 420 Lexington Avenue Suite 2515 New York, NY 10170			
	(2)			
	(3) Trade Debt			
	(4)			
	(5) \$2,818,455.00			
3.	(1) PYRO 8750 N. Central Expressway Suite 1050 Dallas, TX 75231			
	(2)			
	(3) Trade Debt			
	(4)			
	(5) \$850,728.17			

4. (1) Fannie Mae  
6000 Feldwood Drive  
College Park, GA 30349  
(2)  
(3) Trade Debt  
(4)  
(5) \$550,000.00 (ESTIMATED)
5. (1) Corelogic  
10360 Old Placerville Road  
Suite 100  
Sacramento, CA 95287  
(2)  
(3) Trade Debt  
(4)  
(5) \$540,768.50
6. (1) American Express  
Box 0001  
Los Angeles, CA 90096  
(2)  
(3) Trade Debt  
(4)  
(5) \$487,102.39
7. (1) Hilton & Meyers  
3350 N. Country Club  
Tucson, AZ 85716  
(2)  
(3) Trade Debt  
(4)  
(5) \$376,816.78
8. (1) Time Warner  
P.O. Box 172567  
Denver, CO 80217  
(2)  
(3) Trade Debt  
(4)  
(5) \$211,324.32
9. (1) GAPPCO  
8575 Haven Avenue  
Suite 210  
Rancho Cucamonga, CA 91730  
(2)  
(3) Trade Debt  
(4)  
(5) \$210,000.00

10. (1) MGIC  
250 E. Kilborn Avenue  
Milwaukee, WI 53202  
(2)  
(3) Trade Debt  
(4)  
(5) \$203,904.76
11. (1) Principal Life  
Dept. 400  
P.O. Box 14416  
Des Moines, IA 50306  
(2)  
(3) Trade Debt  
(4)  
(5) \$199,536.64
12. (1) Federal Express  
P.O. Box 660481  
Dallas, TX 75266  
(2)  
(3) Trade Debt  
(4)  
(5) \$184,661.90
13. (1) Dell  
P.O. Box 802816  
Chicago, IL 60680  
(2)  
(3) Trade Debt  
(4)  
(5) \$147,780.02
14. (1) Corporate Express  
P.O. Box 71217  
Chicago, IL 60694  
(2)  
(3) Trade Debt  
(4)  
(5) \$100,000.00 (ESTIMATED)
15. (1) FM Realty LLC  
603 N. Wilmot  
Tucson, AZ 85711  
(2)  
(3) Trade Debt  
(4)  
(5) \$146,000.00 (ESTIMATED)
16. (1) WC Partners  
P.O. Box 51285  
Los Angeles, CA 90051  
(2)  
(3) Trade Debt  
(4)  
(5) \$78,000.00 (ESTIMATED)

17. (1) Chase Equipment Leasing  
1111 Polaris Parkway  
Suite A3  
Columbus, OH 43240  
(2)  
(3) Trade Debt  
(4)  
(5) \$59,375.29
18. (1) Vanguard Legato Group  
P.O. Box 641417  
San Jose, CA 95164  
(2)  
(3) Trade Debt  
(4)  
(5) \$58,658.18
19. (1) Mortgage Training Corp of America  
17015 N. Scottsdale  
Scottsdale, AZ 85255  
(2)  
(3) Trade Debt  
(4)  
(5) \$57,025.00
20. (1) Desarrollos Hoteleros  
800 Brickell  
Suite 100A  
Miami, FL 33131  
(2)  
(3) Trade Debt  
(4)  
(5) \$56,000.00

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**DECLARATION UNDER PENALTY OF PERJURY ON  
BEHALF OF A CORPORATION OR PARTNERSHIP**

I, Gurpreet S. Jaggi, the President, Chief Executive Officer and Director, of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing "List Of Creditors Holding 20 Largest Unsecured Claims" and that it is true and correct to the best of my information and belief.

DATED: August 21, 2007

Signature /s/ Gurpreet S. Jaggi

Gurpreet S. Jaggi, President, Chief Executive Officer and Director

**Other:**

4:07-bk-01578-JMM FIRST MAGNUS FINANCIAL CORPORATION

Type: bk	Chapter: 11 v	Office: 4 (Tucson)
Judge: JMM	Assets: y	

**U.S. Bankruptcy Court**

**District of Arizona**

Notice of Electronic Filing

The following transaction was received from CLEMENCY, JOHN R. entered on 8/21/2007 at 12:31 PM AZ and filed on 8/21/2007

**Case Name:** FIRST MAGNUS FINANCIAL CORPORATION

**Case Number:** 4:07-bk-01578-JMM

**Document Number:** 5

**Docket Text:**

Master Mailing List filed by JOHN R. CLEMENCY of GREENBERG TRAURIG LLP on behalf of FIRST MAGNUS FINANCIAL CORPORATION. (CLEMENCY, JOHN)

The following document(s) are associated with this transaction:

**Document description:**Main Document

**Original filename:**C:\Documents and Settings\vasquez\My Documents\FMFC\Notice of filing MML.pdf

**Electronic document Stamp:**

[STAMP bkecfStamp\_ID=875559564 [Date=8/21/2007] [FileNumber=10182656-0]  
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586877572de54b7d5688f4ade6e227cd6c5b37ff1c76ca37871946d84e588]]

**GREENBERG TRAURIG, LLP**

2375 East Camelback Road, Suite 700

Phoenix, Arizona 85016

Ph: (602) 263-2300

Fax: (602) 263-2350

John R. Clemency (email: clemencyj@gtlaw.com) – SBN 009646

Todd A. Burgess (email: burgesst@gtlaw.com) - SBN 019013

Tajudeen O. Oladiran (email: oladirant@gtlaw.com) -SBN 021265

**GREENBERG TRAURIG, P.A.**

1221 Brickell Avenue

Miami, Florida 33131

Ph: (305) 579-0500

Fax: (305) 579-0717

James P.S. Leshaw (email: leshawj@gtlaw.com) – FL Bar No. 917745

Daniel Gold (email: goldd@gtlaw.com) – FL Bar No. 0761281

Proposed Attorneys for First Magnus Financial Corporation

**IN THE UNITED STATES BANKRUPTCY COURT**

**FOR THE DISTRICT OF ARIZONA**

In re

FIRST MAGNUS FINANCIAL  
CORPORATION,

Debtor.

In Proceedings Under Chapter 11

NO. 4-07-bk-01578-JMM

**NOTICE OF FILING MASTER  
MAILING LIST**

PLEASE TAKE NOTICE that on August 21, 2007, the attached Master Mailing List was  
filed with the United States Bankruptcy Court for the District of Arizona.

DATED this 21<sup>st</sup> day of August, 2007.

**GREENBERG TRAURIG, LLP**

/s/ John R. Clemency

John R. Clemency, SBN 009646

Todd A. Burgess, SBN 019013

Tajudeen O. Oladiran, SBN 021265

James P.S. Leshaw, FL Bar No. 917745

Daniel L. Gold, FL Bar No. 0761281

CHASE EQUIPMENT LEASING  
1111 POLARIS PARKWAY STE A3  
COLUMBUS OH 43240

JP MORGAN CHASE  
PO BOX 974675  
DALLAS TX 75397

THOMAS W SULLIVAN SR REVOCABLE TRUST  
603 N WILMOT  
TUCSON AZ 85711

MGIC  
MGIC GUARA PO BOX 488  
MILWAUKEE WI 53201-0488

UBS WARBURG  
1285 AVENUE OF THE AMERICAS  
11TH FLOOR  
NEW YORK NY 100119

WASHINGTON MUTUAL BANK  
555 DIVEND DRIVE  
SUITE 150  
COPPELL TX 75019

MERRILL LYNCH CONSTRUCTION LINE  
2 WORLD FINANCIAL CENTER  
5TH FLOOR  
NEW YORK NY 10281

COUNTRY WIDE WAREHOUSE LENDING  
8511 FALLBROOK AVENUE  
WEST HILLS CA 91304

NATIONAL BANK OF AZ LOC  
335 N WILMOT  
TUCSON AZ 85711

WNS NORTH AMERICA INC  
420 LEXINGTON AVENUE  
SUITE 2515  
NEW YORK NY 10170

PYRO  
8750 N CENTRAL EXPRESSWAY  
SUITE 1050  
DALLAS TX 75231

FANNIE MAE  
6000 FELDWOOD DRIVE  
COLLEGE PARK GA 30349

CORELOGIC  
10360OLD PLACERVILLE ROAD  
SUITE 100  
SACRAMENTO CA 95287

AMERICAN EXPRESS  
BOX 0001  
LOS ANGELES CA 90096

HILTON & MEYERS  
3350 N COUNTRY CLUB  
TUCSON AZ 85716

TIME WARNER  
PO BOX 172567  
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GAPPCO  
8575 HAVEN AVE  
SUITE 210  
RANCHO CUCAMONGA CA 91730

MGIC  
250 E KILBORN AVE  
MILWAUKEE WI 53202

PRINCIPAL LIFE  
DEPT 400  
PO BOX 14416  
DES MOINES IA 50306

FEDERAL EXPRESS  
PO BOX 660481  
DALLAS TX 75266



DELL  
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CHICAGO IL 60680

CORPORATE EXPRESS  
PO BOX 71217  
CHICAGO IL 60694

FM REALTY LLC  
603 N WILMOT  
TUCSON AZ 85711

WC PARTNERS  
PO BOX 51285  
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VANGUARD LEGATO GROUP  
PO BOX 641417  
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MORTGAGE TRAINING CORP OF AMERICA  
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SCOTTSDALE AZ 85255

DESARROLLOS HOTELEROS  
800 BRICKELL  
SUITE 100A  
MIAMI FL 33131

LONG MORTGAGE  
1050 E RIVER ROAD  
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FENNEMORE CRAIG PC  
ONE SOUTH CHURCH AVE  
SUITE 1000  
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MERS  
13059 COLLECTIONS CENTER DRIVE  
CHICAGO IL 60680

HMSV FINANCIAL SERVICES  
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LANDSAFE  
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FIRST ADVANTAGE TAX CONSULTING  
4150 N DRINKWATER  
SCOTTSDALE AZ 85251

KRONOS INC  
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SUITE 1157  
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FREDDIE MAC

DMS  
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PORTAGE MI 49081

TBS COURIER  
PO BOX 23400  
OAKLAND CA 94623

ATT  
PO BOX 78045  
PHOENIX AZ 85045

OFFICEMAX  
440 NORTH 51<sup>ST</sup> AVENUE  
PHOENIX AZ 85043

DUCK SOUP PRODUCTION  
3350 N COUNTRY CLUB  
TUCSON AZ 85716

QWEST COMMUNICATIONS  
PO BOX 856169  
LOUISVILLE KY 40285-6169

TUCSON ELECTRIC CO  
PO BOX 711  
TUCSON AZ 85702-0711

CITY OF TUCSON -WATER  
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TUCSON AZ 85701

ARIZONA DEPT OF FINANCIAL INSTITUTIONS  
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PHOENIX AZ 85018

FIRST MAGNUS CAPITAL INC  
603 N WILMOT  
TUCSON AZ 85711

INTERNAL REVENUE SERVICE  
P O BOX 24017  
FRESNO CA 93779

ARIZONA DEPARTMENT OF REVENUE  
1600 W MONROE  
PHOENIX AZ 85007

SEC HEADQUARTERS  
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WASHINGTON DC 20549  
PHX 327924061v1 8/20/2007

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230 N 1<sup>ST</sup> AVENUE  
SUITE 204  
PHOENIX AZ 85003

ALABAMA STATE BANKING DEPT  
401 ADAMS AVENUE  
SUITE 680  
MONTGOMERY AL 36104

ALASKA MORTGAGE LICENSING DIV  
333 W WILLOUGHBY AVENUE  
9<sup>TH</sup> FLOOR  
JUNEAU AK 99811

ARKANSAS SECURITIES DEPT  
HERITAGE WEST BLDG SUITE 300  
201 EAST MARKHAM STREET  
LITTLE ROCK AR 72201

CALIFORNIA DEPT OF CORPORATION  
320 WEST 4<sup>TH</sup> STREET  
SUITE 750  
LOS ANGELES CA 90013

COLORADO UNIFORM CONSUMER CREDIT CODE  
1525 SHERMAN STREET  
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DENVER CO 80203

CONNECTICUT DEPT OF BANKING  
260 CONSTITUTION PLAZA  
HARTFORD CT 06103

DELAWARE OFFICE OF STATE BANKING COMM  
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FLORIDA OFFICE OF FINANCIAL REGULATION  
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TALLAHASSEE FL 32399

GEORGIA DEPT OF BANKING AND FINANCE  
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HAWAII DIV OF FINANCIAL INSTITUTIONS  
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BOISE ID 83712

ILLINOIS DEPT OF FINANCIAL AND  
PROFESSIONAL REGULATION  
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COMMISSIONER OF FINANCIAL REGULATION  
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MICHIGAN CONSUMER FINANCE UNIT  
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3<sup>RD</sup> FLOOR  
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ST PAUL MN 55101

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OREGON DEPT OF CONSUMER & BUSINESS SERV  
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RHODE ISLAND DEPT OF BUSINESS REGULATION  
DIVISION OF BANKING  
233 RICHMOND ST STE 231  
PROVIDENCE RI 02903

S CAROLINA DEPT OF CONSUMER AFFAIRS  
3600 FOREST DRIVE  
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COMPLIANCE DIVISION  
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REGULATED LOAN LICENSING  
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MASTER LICENSE SERVICE  
405 BLACK LAKE BLVD SW BLDG 2  
OLYMPIA WA 98504

WEST VIRGINIA DIVISION OF BANKING  
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CHARLESTON WV 25305

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Proposed Attorneys for First Magnus Financial Corporation

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA**

In re:

FIRST MAGNUS FINANCIAL  
CORPORATION,

Debtor.

Chapter 11

Case No. 4:07-bk-01578

**DECLARATION OF GURPREET S.  
JAGGI IN SUPPORT OF DEBTOR'S  
CHAPTER 11 PETITION AND FIRST  
DAY MOTIONS**

Hearing

Date: TBD

Time: TBD

This Omnibus Declaration is filed by Gurpreet S. Jaggi on behalf of First Magnus Financial Corporation ("First Magnus Financial"). This Omnibus Declaration is filed in connection with the voluntary Chapter 11 bankruptcy case of First Magnus Financial.

I declare as follows under penalty of perjury:

1. I am the President, Chief Executive Officer, and a Director of First Magnus Fi-

1 nancial. My office is located at the First Magnus Financial headquarters in Tucson, Arizona. I  
2 am thoroughly familiar with all aspects and operations of First Magnus Financial, and I am fa-  
3 miliar with the day-to-day operations, business affairs, and books and records of First Magnus  
4 Financial.

5 2. On August 21, 2007 (the "Petition Date"), First Magnus Financial filed a volun-  
6 tary petition for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy  
7 Code"). First Magnus Financial continues in possession of its property and the management of  
8 its business as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy  
9 Code.

10 3. To enable First Magnus Financial to operate more effectively and avoid the ad-  
11 verse effects of its Chapter 11 filing, various types of relief are requested in "first day" motions  
12 filed with the Court along with this Omnibus Declaration.

13 4. I submit this Omnibus Declaration in support of the first day motions and the  
14 voluntary petition filed by First Magnus Financial under Chapter 11. Any capitalized term not  
15 expressly defined herein shall have the meaning ascribed to that term in the relevant first day  
16 motion. Except as otherwise indicated, all facts set forth in this Omnibus Declaration are based  
17 upon my personal knowledge, my review of the relevant documents, or my opinion based upon  
18 my experience and knowledge of the operations and financial condition of First Magnus Finan-  
19 cial. If I were called upon to testify, I could and would testify competently to the facts set forth  
20 herein. I am authorized to submit this Omnibus Declaration on behalf of First Magnus Finan-  
21 cial.

## 22 BACKGROUND

### 23 Business Operations

24 5. First Magnus Financial is headquartered in Tucson, Arizona. Until First Magnus  
25 Financial was forced to discontinue operations, it was engaged in the business of originating,  
26

1 purchasing and selling primarily prime and Alt-A mortgage loans secured by one-to-four unit  
2 residences. First Magnus Financial did very little sub-prime mortgage lending. Since inception  
3 in October 1996 with twelve employees, First Magnus Financial has grown to become one of the  
4 nation's largest privately held mortgage companies<sup>1</sup> through the recruitment of both strong loan  
5 originators and wholesale representatives while building a best-in-class processing platform. At  
6 the end of 2006, the audited financial statements for First Magnus Financial reflected assets of  
7 approximately \$1,106,690,011 and shareholder equity of approximately \$121,886,617. As of  
8 2007, First Magnus Financial had grown to over 5,500 employees, with a total of 335 branches,  
9 comprised of 277 retail and 58 wholesale locations in all 50 states.

11 6. The First Magnus Financial management team has worked together for nearly  
12 twelve years and has demonstrated a superior ability to continuously gain market share through  
13 several credit cycles while maintaining strong profitability. As of the first quarter of 2007, First  
14 Magnus Financial achieved the following national market presence:

15 #15 by volume in overall originations (\$7.8 billion)  
16 #18 by volume in retail originations (\$2.5 billion)  
17 #13 by volume in wholesale originations (\$5.2 billion)

#### 18 Corporate Structure

19 7. The parent company of First Magnus Financial, First Magnus Capital, Inc. ("First  
20 Magnus Capital") is owned by Thomas W. Sullivan, Sr., as Trustee of the Thomas W. Sullivan,  
21 Sr. (FMCI) Revocable Trust, Thomas W. Sullivan, Jr., Clinton Gaylord, Karl Young, Gary  
22 Malis, Dominick Marchetti and me. Each of the above named owners of First Magnus Capital  
23 serves either on the board or the management team for First Magnus Financial, or both.

25 <sup>1</sup> Ameriquest Mortgage Company is the only privately held mortgage company that funded more loan volume than  
26 First Magnus Financial in 2006. However, Ameriquest operates primarily in the sub-prime market and recently  
filed its own Chapter 11 bankruptcy case.

**First Magnus Financial's Principal Indebtedness**

8. To finance its mortgage loan production business, First Magnus Financial used several warehouse financing arrangements that primarily took the form of master repurchase agreements (collectively, the "Repurchase Agreements") with certain lenders (collectively, the "Warehouse Lenders"). Typically, First Magnus Financial would fund a mortgage loan through a combination of funds provided by Warehouse Lenders along with its own funds (which in the mortgage lending industry is known as a "haircut"). Warehouse Lenders required First Magnus Financial to contribute a haircut to fund loans in order to protect the Warehouse Lenders from loan defects, loan defaults, and other credit risks, including market swings. The table below summarizes the obligations of First Magnus Financial to its Warehouse Lenders under Repurchase Agreements or other credit facilities as of the Petition Date:

FACILITY	TOTAL OUTSTANDING (Funded Loans)	WAREHOUSE COMPONENT	HAIRCUT
Washington Mutual Syndicated Repur- chase Agreement	\$225,277,093	\$194,227,684	\$31,049,409
Washington Mutual Early Purchase Agreement	\$70,896,971	\$55,248,061	\$15,648,910
Washington Mutual Commercial Paper Agreement	\$1,059,877,632	\$1,040,889,850	\$18,987,782
Countrywide Re- volving Line of Credit	\$41,960,957	\$28,998,347	\$12,962,610
UBS Repurchase Agreement	\$211,569,314	\$198,515,177	\$13,054,137
Merrill Lynch Re- purchase Agreement	\$61,123,420	\$42,313,002	\$18,810,418
<b>Totals</b>	<b>\$1,670,705,387</b>	<b>\$1,560,192,121</b>	<b>\$110,513,266</b>

9. In addition to the amounts owing to the Warehouse Lenders, First Magnus Financial also owes approximately \$94 million of unsecured debt, including approximately: (i) \$13

1 million of accrued payroll and related costs; (ii) \$20 million of accounts payable; (iii) \$9 mil-  
2 lion of accrued, unpaid interest; (iv) \$7 million of other current liabilities; (v) \$25 million owed  
3 to First Magnus Capital; and (vi) \$20 million of subordinated unsecured debt owed to insiders.

4 10. Each of First Magnus Financial's Repurchase Agreements is a financing ar-  
5 rangement pursuant to which the purchaser (i.e., the Warehouse Lender) advances funds for  
6 mortgage loans by purchasing the mortgage loans from First Magnus Financial for a price be-  
7 low the fair market value of the loan (typically about 98% of the outstanding principal amount).  
8 Simultaneous with the purchase of the loan by the Warehouse Lender, First Magnus Financial  
9 agrees to repurchase the mortgage loan at a price equal to the original sale price, plus an interest  
10 component, within a fixed number of days (typically thirty days). Upon repurchase of a loan,  
11 First Magnus Financial then sells the loan to a takeout investor, as described below. During the  
12 time period in which loans are subject to a Repurchase Agreement, First Magnus Financial re-  
13 tains the obligation to service those loans, though there is typically little servicing required dur-  
14 ing this early stage of a loan's life.

15 11. Typically, First Magnus Financial sold mortgage loans for a profit in the secon-  
16 dary loan market within one to three months from the origination of the loans. Upon the sale of  
17 a loan to a takeout investor, the portion of the loan financed by a Warehouse Lender is repaid,  
18 and the haircut and any additional profit is paid to First Magnus Financial. If First Magnus Fi-  
19 nancial is unable to sell a mortgage loan to a takeout investor, the loan remains subject to the  
20 applicable Repurchase Agreement for a certain period of time. The Repurchase Agreements  
21 generally permit the Warehouse Lenders to periodically mark the loans to market and, if the  
22 value of the loans has declined, to demand additional margin payments. If First Magnus Finan-  
23 cial fails to meet a margin call, the Warehouse Lenders are entitled to declare an event of default  
24 and accelerate First Magnus Financial's obligation to repurchase.

25 12. First Magnus Financial normally sells its loans to a takeout investor pursuant to  
26 the terms of loan purchase agreements (collectively, the "Loan Purchase Agreements"). First  
Magnus Financial has Loan Purchase Agreements with numerous purchasers, the most signifi-  
cant of which include Countrywide Financial Corporation, Aurora Loan Services, and Wells  
 Fargo Bank (each a "Loan Purchaser"). More than 80% of mortgage loans originated by First  
 Magnus were sold to the above named Loan Purchasers. Most of the loans originated by First

1 Magnus Financial were pre-sold to the Loan Purchasers pursuant to forward contacts that were  
2 signed by the parties. Depending on market condition, First Magnus Financial historically sold  
3 loans to takeout investor at between 102% and 103% of the principal amount of the loan.

4 **Scratch and Dent and Other Problem Loans**

5 13. The Loan Purchase Agreements generally contain certain industry terms which  
6 may give the Loan Purchaser recourse to First Magnus Financial for certain defective mortgage  
7 loans. Recourse options may include the right to require First Magnus to repurchase the mort-  
8 gage loans, or indemnify the Loan Purchaser for losses caused by the mortgage loan. Some of  
9 the recourse terms survive for the life of the loan, while others only last for a short period of  
10 time after the Loan Purchaser buys the loan. Two of the central terms in Loan Purchase Agree-  
11 ments give certain recourse rights to the Loan Purchaser in the event that a borrower defaults  
12 under, or pays off in full, a mortgage loan early in the life of the loan ("Early Payment Default"  
13 or "EPD" protection, and "Early Payoff" or "EPO" protection, respectively). If there is an Early  
14 Payment Default or Early Payoff, the Loan Purchaser has the right to make First Magnus Finan-  
15 cial repurchase the loan.

16 14. A small percentage of First Magnus Financial's loans contain defective documen-  
17 tation or other problems (e.g., a missing HUD statement, a document that is not notarized or  
18 some other documentary defect) and cannot be sold immediately like other loans originated by  
19 First Magnus Financial. These defective loans are known in the mortgage lending industry as  
20 "scratch and dent loans." Historically, First Magnus Financial was able to sell scratch and dent  
21 loans at par (i.e., 100% of the principal amount outstanding under the loan). A very small per-  
22 centage First Magnus Financial's historical originations have been scratch and dent loans.<sup>2</sup>

23 15. A certain amount of loans originated and sold by First Magnus Financial are re-  
24 turned (or put back) to First Magnus Financial based on an EPD, EPO or some other defect or  
25 breach of a representation or warranty specified in the Loan Purchase Agreement. Certain

26 <sup>2</sup> The market for scratch and dent loans has been particularly hard hit by the liquidity crisis. Until recently,  
First Magnus Financial was able to sell scratch and dent loans at par. Now, with the liquidity crisis, First Magnus  
Financial is forced to sell is scratch and dent loans below par, often to the point where the company cannot absorb  
the loss on the scratch and dent loans or generate enough liquidity from their sales to continue operating.

1 EPDs, EPOs, scratch and dent loans, or other loans that First Magnus Financial has not been  
2 able to sell occasionally wind up in foreclosure and become real estate owned ("REO") holdings  
3 for First Magnus Financial.

4 16. Scratch and dent loans, EPDs, EPOs, REO, and certain other assets owned by  
5 First Magnus Financial at some point become ineligible for financing provided by the Ware-  
6 house Lenders under Repurchase Agreements and other financing devices described above. As  
7 of the Petition Date, First Magnus Financial had on its books approximately \$51 million of  
8 scratch and dent loans, EPOs, EPDs, REO and similar assets (collectively, the "Scratch and Dent  
9 Assets"). As of the Petition Date, the Scratch and Dent Assets were financed by First Magnus  
10 Capital under a facility that had approximately \$25,000,000 advanced (the "Scratch and Dent  
11 Line").

12 17. First Magnus Financial maintains a reserve account for repurchase and indemni-  
13 fication obligations to Loan Purchasers with respect to EPOs, EPDs, and scratch and dent loans.  
14 Management funds the reserve account from gain on sale of loans, and maintains the reserve ac-  
15 count at a level which, historically, was adequate to absorb losses inherent to the sale of large  
16 volumes of mortgage loans. Through June 2007, First Magnus Financial maintained on its  
17 books a reserve account of approximately \$30 million.

#### 18 Events Leading To The Debtor's Bankruptcy Filing

19 18. As has been heavily publicized in the media, the secondary mortgage loan indus-  
20 try has virtually collapsed in the last few weeks and months. Coupled with that collapse, the  
21 secondary mortgage markets have seen a severe contraction in liquidity. The rapid and severe  
22 devaluation of mortgage backed securities and mortgage loan holdings was caused by, among  
23 other factors, a weakened housing market, falling real estate prices, homebuilder construction  
24 defaults, and a spike in consumer defaults and delinquencies on mortgage loan obligations. As  
25 the value of mortgage loans has declined in the last few weeks and months, Warehouse Lenders  
26 have required mortgage originators like First Magnus Financial to make additional margin calls



1 to compensate for the decreased value of the mortgage loans funded through the Repurchase  
2 Agreements. As noted above, under the Repurchase Agreements, each of the Warehouse Lend-  
3 ers may make additional margin calls as the Warehouse Lenders mark the mortgage loans to  
4 market. Accumulating margin calls necessitate additional cash payments from the mortgage  
5 originator, which can only be generated by the sale of additional mortgage loans, sometimes at  
6 prices substantially below the amount outstanding on the mortgage loan note. The downward  
7 pressure on mortgage loan values accelerated as more and more mortgage originators were  
8 forced to sell mortgage loans in an effort to meet margin calls, such that, during the past several  
9 weeks, the markets for these assets has been disrupted to the point of dysfunction. The inability  
10 to sell mortgage loans at or near par value eventually created a shortage of cash income, which  
11 prevented mortgage originators from meeting margin calls. Failure to meet margin calls results  
12 in an event of default under the Repurchase Agreements, which gives the Warehouse Lenders  
13 the right to cease providing financing under such Repurchase Agreements. All of First Magnus  
14 Financial's Warehouse Lenders have discontinued providing financing as a result of alleged de-  
15 faults by First Magnus Financial under the Master Repurchase Agreement. The disruption in the  
16 credit and liquidity markets in the past few weeks was unprecedented in First Magnus Finan-  
17 cial's experience and caused margin calls by one Warehouse Lender and curtailments of loans  
18 by other Warehouse Lenders.

19 19. The liquidity crisis caused by problems in the mortgage lending industry has ad-  
20 versely impacted nearly every major mortgage originator, mortgage investor, and Warehouse  
21 Lender. In the last few weeks, originators including Countrywide Financial Corporation  
22 ("Countrywide"), Accredited Home Lenders Holding, American Home Mortgage Holdings,  
23 HomeBanc Mortgage Corporation and Aegis Mortgage Corporation, as well as mortgage inves-  
24 tors, C-Bass and certain Bear Sterns funds, have either issued press releases concerning lowered  
25 earnings, credit issues or filed for bankruptcy protection. In a rare, unscheduled meeting last  
26

1 week, the Federal Reserve Board lowered its discount rate in an effort to ease the liquidity crisis  
2 that has crippled the mortgage lending industry.

3 **Efforts Undertaken to Avoid Bankruptcy**

4 20. Over the course of the past several weeks, I along with the rest of First Magnus  
5 Financial's management have been meeting (often around the clock) with existing Warehouse  
6 Lenders, with parties to Loan Purchase Agreements, with private equity firms, and with other  
7 sources of capital to raise funds needed to keep the company running. Shareholders of First  
8 Magnus Capital have made available to First Magnus Financial approximately \$13 million over  
9 the course of the last few weeks to help cope with the liquidity crisis. Last week, it became ap-  
10 parent that First Magnus Financial simply could not withstand the liquidity crisis that has re-  
11 sulted in the demise of numerous other mortgage lenders who, like First Magnus Financial, were  
12 historically profitable. On August 16, 2007, unable to secure financing for continued operations,  
13 First Magnus Financial laid off most of its employees and ceased operations.

14 **The Developing Wind Down Plan**

15 21. First Magnus Financial recently retained MCA Financial Group, Ltd. ("MCA")  
16 and Greenberg Traurig, LLP ("GT") to assist management with an orderly liquidation of the  
17 company. While things are very fluid at the moment and are subject to change, the wind down  
18 of First Magnus Financial contemplates (among other things) the following:

- 19 (a) Sale of the loans that are the subject of the Repurchase Agreements sum-  
20 marized above, or a turn over of those loans to the Warehouse Lenders;
- 21 (b) Sale of the Scratch and Dent Assets;
- 22 (c) Sale or return to lenders or lessors of personal property (primarily office  
23 equipment) used in the First Magnus Financial business operations;
- 24 (d) Sale or dissolution of ancillary businesses;
- 25 (e) Immediate termination or rejection of most executory contracts and  
26 leases, along with a phased reduction of space in the First Magnus Financial headquarters in

1 Tucson, with an expected full rejection or negotiated termination of the headquarters lease by  
2 year's end; and

3 (f) The phased reduction of the approximately 159 employees of First Mag-  
4 nus Financial (the "Retained Employees") that have been retained to assist with the wind down  
5 of the companies.

6 22. Based on preliminary estimates, the wind down of First Magnus Financial will  
7 cost approximately \$12-13 million and will provide a net recovery for creditors of approxi-  
8 mately \$26 million. In large measure, the success of the liquidation of First Magnus Financial  
9 will depend on the amount of the equity or "haircuts" in the company's \$1.9 billion loan portfo-  
10 lio that can be recovered to pay creditor claims. The attached Budget does not include recover-  
11 ies of haircuts from First Magnus Financial's existing loan portfolio. Cash needed to pay for the  
12 wind down of First Magnus Financial will come from a number of sources, including the follow-  
13 ing:

14 (a) Cash on hand in the approximate amount of \$3.8 million;

15 (b) Income from loans currently owned by First Magnus Financial (primarily  
16 from scratch and dent loans) which may be cash collateral claimed by First Magnus Capital;

17 (c) Proceeds from a debtor-in-possession loan (the "DIP Loan") in an esti-  
18 mated amount of between \$10-15 million that is being negotiated with several sources;

19 (d) Returns of all or a portion of the First Magnus Financial haircuts or other  
20 compensation received by First Magnus Financial for services provided to the Warehouse Lend-  
21 ers with respect to sales of the loans described in paragraph 8 above;

22 (d) Proceeds from the sale of any ancillary businesses;

23 (e) Proceeds from the sale of the Scratch and Dent Assets; and

24 (f) Proceeds from the sale of any other remaining assets of First Magnus Fi-  
25 nancial.<sup>3</sup>

26 <sup>3</sup> A copy of the preliminary wind down budget is attached to this Omnibus Declaration as Exhibit A.

## FIRST DAY MOTIONS

23. In order to accomplish a wind down of the companies which should produce a return to creditors, First Magnus Financial will need (among other things) immediately: (i) authorization to hire MCA and GT; (ii) authorization to pay prepetition wages of retained employees; (iii) authorization to obtain a DIP Loan; (iv) authorization to pay prepetition claims to utilities and taxing authorities; and (v) authorization to reject in short order (and in some cases on a *nunc pro tunc* basis) burdensome executory contracts and leases. Accordingly, concurrent with the filing of its Chapter 11 petition, First Magnus Financial has filed, for the Court's approval, a number of motions and applications (the "First Day Motions") that are necessary to enable First Magnus Financial to operate in Chapter 11 with a minimum disruption and loss of productivity. First Magnus Financial respectfully requests that each of the First Day Motions be granted as a critical element in achieving maximization of the estates. A description of each of the First Day Motions is provided below.

### Emergency Motion for Order Authorizing Payment of Prepetition Employee Obligations

24. Until August 16, 2007, First Magnus Financial employed approximately 6,000 employees. However, as of the Petition Date, First Magnus Financial has retained only 159 employees to assist with the orderly wind-down of the company (the "Retained Employees").<sup>4</sup> First Magnus Financial believes that, as of the Petition Date, certain wages, salaries, commissions, health and insurance benefits, vacation pay, or other compensation, and payroll taxes and deductions (collectively, the "Employee Obligations") owed to or for the benefit of the Retained Employees and the Former Employees were not paid. The vast majority of the unpaid Employee Obligations is owed to individuals who earn less than the priority wage amount under 11 U.S.C. §507(a)(4), and who rely on timely receipt of the Employee Obligations in the ordinary course of business to pay for their immediate living expenses. Accordingly, First Magnus Financial seeks an Order of the Court: (i) authorizing First Magnus Financial to pay immediately

<sup>4</sup> All employees except for the Retained Employees will be referred to as the "Former Employees."

1 all unpaid pre-petition Employee Obligations for the Retained Employees (in an amount not to  
2 exceed \$10,000 per employee); and (ii) as and when adequate funds become available (through  
3 sales of assets, the DIP Loan, or otherwise), authorizing First Magnus Financial to pay all re-  
4 maining unpaid pre-petition Employee Obligations for the Former Employees.

5 25. First Magnus Financial estimates that the unpaid pre-petition Employee Obliga-  
6 tions for the Retained Employees, for which First Magnus Financial seeks immediate payment  
7 authority, totals approximately \$600,000. First Magnus Financial currently has sufficient cash  
8 on hand to pay the Employee Obligations for the Retained Employees. Attached as Exhibit B is  
9 a list of the Retained Employees and the prepetition Employee Obligations that is owed to them.

#### 10 Postpetition Debtor In Possession Financing

11 26. An immediate and critical need exists for First Magnus Financial to obtain a DIP  
12 Loan in order to continue limited operations and wind-down the affairs of the company. With-  
13 out the DIP Loan, First Magnus Financial will not be able to avoid irreparable harm to the bank-  
14 ruptcy estate. First Magnus Financial must have access to sufficient working capital and liquid-  
15 ity through the incurrence of new indebtedness and other financial accommodations in order to  
16 preserve the value of its assets and avoid the immediate and irrecoverable loss of the value of its  
17 remaining assets. Accordingly, First Magnus Financial is in the process of negotiating a DIP  
18 Loan and expects to file an appropriate financing motion in the next few days.

#### 19 Emergency Motion for Order (I) Prohibiting Utility Companies from Altering, Refusing or 20 Discontinuing Services and (II) Establishing Procedures for Determining Requests for Ad- 21 ditional Adequate Assurance

22 27. First Magnus Financial also has filed a first day motion asking the Court to enter  
23 an Order: (i) prohibiting its pre-petition providers of utility services from altering, refusing or  
24 discontinuing services because of pre-petition invoices and (ii) establishing procedures for de-  
25 termining requests for additional adequate assurance. Such relief is necessary because uninter-  
26 rupted utility services are critical to the company's continued business operations and ability to

1 preserve the value of its remaining assets. If utility companies cease providing service, First  
2 Magnus Financial's estate will be severely damaged, thus jeopardizing its reorganization efforts.  
3 Moreover, the utility companies will not suffer any tangible economic harm, as First Magnus  
4 Financial will compensate the utility companies in full for any post-petition services they pro-  
5 vide.

6 28. Historically, First Magnus Financial has made timely and prompt payments to the  
7 Utility Companies. To the best of my knowledge, there currently are no defaults or arrearages  
8 with respect to undisputed Utility Service invoices.

9 29. Based on its preliminary budget, First Magnus Financial has adequate liquidity to  
10 continue to pay all utility charges on a current basis. Thus, First Magnus Financial will con-  
11 tinue its customary practice of paying its utility bills as they become due in the ordinary course  
12 of business.

13 **Motion for Authorization to hire MCA and GT and for Order Establishing Interim Fee**  
14 **Application and Expense Reimbursement Procedure (the "Knudsen Motion").**

15 30. First Magnus Financial also requests authorization to employ MCA and GT as es-  
16 tate professionals (the "Professionals"), and First Magnus Financial requests an order authoriz-  
17 ing a procedure for the Professionals employed or to be employed by order of the Court to: (1)  
18 receive monthly payments on account; and (2) file periodic applications for approval of interim  
19 reimbursement of expenses incurred, pursuant to Bankruptcy Code § 331.

20 31. First Magnus Financial believes that it is necessary to establish a procedure for  
21 paying and monitoring the interim compensation due from the estate on a monthly basis. By  
22 reviewing the amounts requested on a monthly basis rather than every 120 days, First Magnus  
23 Financial, the United States Trustee, and creditors and other parties in interest will be in a better  
24 position to monitor and control the costs and fees of estate Professionals on a current basis. The  
25 absence of a procedure for awarding interim compensation on a monthly basis may cause undue  
26 financial burden on the Professionals, unfairly compel the Professionals to finance the Chapter

1 11 case, or discourage other Professionals, whose services First Magnus Financial might require,  
2 from accepting or continuing employment in this case. Therefore, First Magnus Financial re-  
3 quests that the Court adopt the procedures outlined in the Motions.  
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1 I declare under penalty of perjury under the laws of the United States of America, that all  
2 of the statements that I have made in this Declaration are true and correct to the best of my  
3 knowledge, information, and belief. If called to testify in this matter, I would testify as stated in  
4 this Declaration.

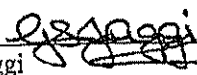
5 Dated this 21st day of August, 2007.

6

7

8

9

  
Gurpreet S. Jaggi  
President, CEO, and Director  
First Magnus Financial Corporation

10

11 COPIES of the foregoing were served  
12 this 21st day of August, 2007, on all parties  
13 on the attached Service List via first-class,  
14 U.S. Mail, Email, or Facsimile.

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## **EXHIBIT “A”**

First Magnus Capital Corp.  
26 Week Budget  
Preliminary - Subject to Change

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End
	08/24/07	08/31/07	09/07/07	09/14/07	09/21/07	09/28/07	10/05/07	10/12/07	10/19/07	10/26/07	11/02/07	11/09/07	11/16/07	11/23/07	11/30/07
Beginning Cash	4,000,000	3,328,718	3,560,718	2,189,837	2,409,337	2,045,645	-	-	-	921,880	336,106	1,138,936	1,464,509	2,886,389	4,080,651
Total Cash In	-	300,000	300,000	300,000	300,000	300,000	300,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,500,000	1,500,000	1,500,000
Total Cash Out	(671,282)	(68,000)	(1,670,882)	(80,500)	(663,692)	(13,970,782)	(784,010)	(4,075,620)	(78,120)	(1,585,774)	(197,170)	(674,427)	(78,120)	(305,738)	(1,198,620)
Advances Under DIP Facility	-	-	-	-	-	11,625,136	484,010	3,075,620	-	-	-	-	-	-	-
Ending Cash	3,328,718	3,560,718	2,189,837	2,409,337	2,045,645	-	-	-	921,880	336,106	1,138,936	1,464,509	2,886,389	4,080,651	4,282,031
<b>Total Sources of Cash:</b>															
Income, all sources	-	300,000	300,000	300,000	300,000	300,000	300,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,500,000	1,500,000	1,500,000
Total Cash In:	-	300,000	300,000	300,000	300,000	300,000	300,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,500,000	1,500,000	1,500,000
<b>Total Uses of Cash:</b>															
Payroll - Pre Petition Terminated Employees	-	-	-	-	-	12,416,718	-	3,700,000	-	-	-	-	-	-	-
Payroll - Pre Petition Continuing Employees	583,282	-	291,641	-	-	-	-	-	-	-	-	-	-	-	-
Payroll - Post Petition	-	-	291,641	-	508,192	-	413,290	-	-	377,654	-	301,307	-	222,618	-
Retention Pay	-	-	-	-	-	-	-	250,000	-	250,000	-	250,000	-	-	-
Employee Expense Reimbursement - Pre Petition	-	-	-	-	-	200,000	-	-	-	-	-	-	-	-	-
Employee Expense Reimbursement - Post Petition	-	-	12,500	-	12,500	-	12,500	-	-	12,500	-	12,500	-	12,500	-
Employee Related	583,282	-	595,782	-	520,692	12,616,718	425,790	3,950,000	-	640,154	-	563,807	-	235,118	-
Rents - Tucson (primary)	-	-	143,100	-	-	-	143,100	-	-	-	71,550	-	-	-	-
NNN Requirements	-	-	-	-	-	-	53,000	-	-	-	-	-	-	-	53,000
Utilities/Water - Tucson	-	-	34,000	-	-	-	34,000	-	-	-	25,000	-	-	-	-
Travel	-	-	-	15,000	-	-	10,000	-	-	-	-	-	-	-	-
Office expense	15,000	15,000	15,000	15,000	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000	5,000	5,000	5,000
Postage and delivery	10,000	30,000	20,000	20,000	10,000	5,000	5,000	5,000	5,000	2,500	2,500	2,500	2,500	2,500	2,500
Telephone/Connectivity	-	-	25,000	-	-	-	15,000	-	-	-	5,000	-	-	-	-
Insurance	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Computer and equipment fees	-	-	7,500	-	-	-	7,500	-	-	-	-	7,500	-	-	-
Outside IT Support - Loan Tracker & Key Systems	-	-	25,000	-	-	-	25,000	-	-	25,000	-	-	-	-	-
Outside Service/Security	3,000	3,000	3,000	3,000	3,000	3,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Equipment Lease/Rental - Tucson Post Petition	-	-	40,000	-	-	-	40,000	-	-	-	40,000	-	-	-	-
Core Cost on Computers and Equipment	-	-	-	-	100,000	-	-	-	-	-	-	-	-	-	-
Other expenses/Contingency	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Operating Expenses	48,000	68,000	325,100	80,500	143,000	38,000	316,100	83,500	36,000	28,500	155,050	68,500	36,000	28,500	81,500
Interest Expense	-	-	-	-	-	41,063	42,120	42,120	42,120	42,120	42,120	42,120	42,120	42,120	42,120
DIP Loan Due Diligence Fees	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Loan - 5% Upfront Facility Fee	-	-	750,000	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Expenses	-	-	-	-	-	1,275,000	-	-	-	875,000	-	-	-	-	1,075,000
Administrative/DIP Loan Expenses	40,000	-	750,000	-	1,316,063	42,120	42,120	42,120	917,120	42,120	42,120	42,120	42,120	42,120	1,117,120
Total Cash Out:	671,282	68,000	1,670,882	80,500	663,692	13,970,782	784,010	4,075,620	78,120	1,585,774	197,170	674,427	78,120	305,738	1,198,620
Net Cash Weekly Cash Use	(671,282)	232,000	(1,370,882)	219,500	(363,692)	(13,670,782)	(484,010)	(3,075,620)	921,880	(585,774)	802,830	325,573	1,421,880	1,194,262	301,380
Cumulative Cash Use	(671,282)	(439,282)	(1,810,163)	(1,590,663)	(1,954,355)	(15,625,136)	(16,109,147)	(19,184,767)	(18,262,887)	(18,848,660)	(18,045,831)	(17,720,258)	(16,298,378)	(15,104,116)	(14,602,736)
<b>Accrual of Administrative Expenses</b>															
Legal Fees	100,000	100,000	100,000	100,000	100,000	175,000	100,000	100,000	100,000	175,000	100,000	100,000	100,000	100,000	175,000
Financial Advisor Fees	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Real Estate/Other	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Total Administrative Expenses	200,000	200,000	200,000	200,000	200,000	275,000	200,000	200,000	200,000	275,000	200,000	200,000	200,000	200,000	275,000
<b>Collateral Value</b>															
Beginning Collateral Value	67,000,000	35,000,000	34,700,000	34,400,000	34,100,000	33,800,000	33,500,000	33,200,000	32,900,000	31,200,000	30,200,000	29,200,000	28,200,000	26,700,000	25,200,000
Estimated valuation allowance	(32,000,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales Proceeds All Sources	-	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,500,000)	(1,500,000)	(1,500,000)
Ending Collateral Value	35,000,000	34,700,000	34,400,000	34,100,000	33,800,000	33,500,000	33,200,000	32,900,000	31,200,000	30,200,000	29,200,000	28,200,000	26,700,000	25,200,000	23,700,000

Note: This budget excludes gross proceeds and the (ted expenses (commissions, appraisals, credit report, title, etc) relating to the sale of existing notes payable financed pursuant to secured lines of credit/repo agreements.

**First Magnus Capital Corp.**  
**26 Week Budget**

*Preliminary - Subject to Change*

	16	17	18	19	20	21	22	23	24	25	26	Twenty Six
	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week
	12/07/07	12/14/07	12/21/07	12/28/07	01/04/08	01/11/08	01/18/08	01/25/08	02/01/08	02/08/08	02/15/08	Total
Beginning Cash	4,382,031	5,487,268	6,925,773	8,239,198	8,802,703	11,194,957	13,509,632	15,949,387	17,389,062	19,781,317	22,095,992	4,000,000
Total Cash In	1,500,000	1,500,000	1,500,000	1,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,700,000	35,000,000
Total Cash Out	(394,763)	(61,495)	(186,575)	(936,495)	(107,745)	(185,325)	(60,245)	(1,060,325)	(107,745)	(185,325)	(660,245)	(30,049,020)
Advances Under DIP Facility	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash	5,487,268	6,925,773	8,239,198	8,802,703	11,194,957	13,509,632	15,949,387	17,389,062	19,781,317	22,095,992	24,135,747	24,135,747
	<i>Estimated net cash at six mon</i>											8,950,980
<b>Total Sources of Cash:</b>												
Income, all sources	1,500,000	1,500,000	1,500,000	1,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,700,000	35,000,000
Total Cash In:	1,500,000	1,500,000	1,500,000	1,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,700,000	35,000,000
<b>Total Uses of Cash:</b>												
Payroll - Pre Petition Terminated Employees	-	-	-	-	-	-	-	-	-	-	-	16,116,718
Payroll - Pre Petition Continuing Employees	-	-	-	-	-	-	-	-	-	-	-	874,922
Payroll - Post Petition	181,718	-	125,080	-	-	125,080	-	125,080	-	125,080	-	2,796,738
Retention Pay	-	-	-	-	-	-	-	-	-	-	-	750,000
Employee Expense Reimbursement - Pre Petition	-	-	-	-	-	-	-	-	-	-	-	200,000
Employee Expense Reimbursement - Post Petition	12,500	-	-	-	-	-	-	-	-	-	-	87,500
Employee Related	194,218	-	125,080	-	-	125,080	-	125,080	-	125,080	-	20,825,879
Rents - Tucson (primary)	71,550	-	-	-	20,000	-	-	-	20,000	-	-	469,300
NHN Requirements	-	-	-	-	-	-	-	-	-	-	-	106,000
Utilities/Water - Tucson	2,500	-	-	-	2,500	-	-	-	2,500	-	-	100,500
Travel	-	-	-	-	-	-	-	-	-	-	-	25,000
Office expense	2,500	2,500	2,500	2,500	1,250	1,250	1,250	1,250	1,250	1,250	1,250	158,750
Postage and delivery	500	500	500	500	500	500	500	500	500	500	500	130,500
Telephone/Connectivity	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	58,750
Insurance	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	177,500
Computer and equipment fees	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	43,125
Outside IT Support - Loan Tracker & Key Systems	25,000	-	-	-	25,000	-	-	-	25,000	-	-	150,000
Outside Service/Security	750	750	750	750	750	750	750	750	750	750	750	35,250
Equipment Lease/Rental - Tucson Post Petition	40,000	-	-	-	-	-	-	-	-	-	-	160,000
Cure Cost on Computers and Equipment	-	-	-	-	-	-	-	-	-	-	-	100,000
Other expenses/Contingency	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	260,000
Operating Expenses	158,425	19,375	19,375	19,375	65,625	18,125	18,125	18,125	65,625	18,125	18,125	1,974,675
Interest Expense	42,120	42,120	42,120	42,120	42,120	42,120	42,120	42,120	42,120	42,120	42,120	883,466
DIP Loan Due Diligence Fees	-	-	-	-	-	-	-	-	-	-	-	40,000
DIP Loan - 5% Upfront Facility Fee	-	-	-	-	-	-	-	-	-	-	-	750,000
Administrative Expenses	-	-	-	875,000	-	-	-	875,000	-	-	600,000	5,575,000
Administrative/DIP Loan Expenses	42,120	42,120	42,120	917,120	42,120	42,120	42,120	917,120	42,120	42,120	642,120	7,248,466
Total Cash Out:	394,763	61,495	186,575	936,495	107,745	185,325	60,245	1,060,325	107,745	185,325	660,245	30,049,020
Net Cash Weekly Cash Use	1,105,237	1,438,505	1,313,425	563,505	2,392,255	2,314,675	2,439,755	1,439,675	2,392,255	2,314,675	2,039,755	4,950,980
Cumulative Cash Use	(13,697,499)	(12,258,994)	(10,945,569)	(10,382,064)	(7,989,809)	(5,675,134)	(3,235,379)	(1,795,705)	596,550	2,911,225	4,950,980	
<b>Accrual of Administrative Expenses</b>												
Legal Fees	100,000	100,000	100,000	175,000	100,000	100,000	100,000	175,000	100,000	100,000	100,000	2,975,000
Financial Advisor Fees	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	1,950,000
Real Estate/Other	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	650,000
Total Administrative Expenses	200,000	200,000	200,000	275,000	200,000	200,000	200,000	275,000	200,000	200,000	200,000	5,575,000
<b>Collateral Value</b>												
Beginning Collateral Value	23,700,000	22,200,000	20,700,000	19,200,000	17,700,000	15,200,000	12,700,000	10,200,000	7,700,000	5,200,000	2,700,000	67,000,000
Estimated valuation allowance	-	-	-	-	-	-	-	-	-	-	-	(32,000,000)
Sales Proceeds All Sources	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,700,000)	(35,000,000)
Ending Collateral Value	22,200,000	20,700,000	19,200,000	17,700,000	15,200,000	12,700,000	10,200,000	7,700,000	5,200,000	2,700,000	-	-

Note: This budget excludes gross proceeds and the

## **EXHIBIT “B”**

First Magnus Financial Corp.  
26 Week Budget  
Payroll - Subject to Change

Executive

			1	2	3	4	5	6	7	8	9	10	11	12
			Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End
			08/24/07	08/31/07	09/07/07	09/14/07	09/21/07	09/28/07	10/05/07	10/12/07	10/19/07	10/26/07	11/02/07	11/09/07
	Bi-Weekly Payroll	Weeks												
CEO	8,333	22	8,333	-	8,333	-	8,333	-	8,333	-	-	8,333	-	8,333
COO	8,333	10	8,333	-	8,333	-	8,333	-	8,333	-	-	8,333	-	8,333
CFO	8,333	10	8,333	-	8,333	-	8,333	-	8,333	-	-	8,333	-	8,333
CIO	8,333	4	8,333	-	8,333	-	8,333	-	-	-	-	-	-	-
Sr. VP	8,333	4	8,333	-	8,333	-	8,333	-	-	-	-	-	-	-
Headcount =	5	41,667	41,667	-	41,667	-	41,667	-	25,000	-	-	25,000	-	25,000

Legal

In House Attorney	7,500	22	7,500	-	7,500	-	7,500	-	7,500	-	-	7,500	-	7,500
In House Attorney	6,000	22	6,000	-	6,000	-	6,000	-	6,000	-	-	6,000	-	6,000
In House Attorney	6,000	8	6,000	-	6,000	-	6,000	-	6,000	-	-	6,000	-	-
In House Attorney	3,040	8	3,040	-	3,040	-	3,040	-	3,040	-	-	3,040	-	-
In House Attorney	6,000	14	6,000	-	6,000	-	6,000	-	6,000	-	-	6,000	-	6,000
In House Attorney	4,292	8	4,292	-	4,292	-	4,292	-	4,292	-	-	4,292	-	-
In House Attorney	4,500	8	4,500	-	4,500	-	4,500	-	4,500	-	-	4,500	-	-
In House Attorney	5,417	8	5,417	-	5,417	-	5,417	-	5,417	-	-	5,417	-	-
In House Attorney	5,000	14	5,000	-	5,000	-	5,000	-	5,000	-	-	5,000	-	5,000
In House Attorney	3,333	8	3,333	-	3,333	-	3,333	-	3,333	-	-	3,333	-	-
In House Attorney	2,028	14	2,028	-	2,028	-	2,028	-	2,028	-	-	2,028	-	2,028
Legal Staff	1,890	8	1,890	-	1,890	-	1,890	-	1,890	-	-	1,890	-	-
Legal Staff	1,668	2	2,000	-	2,000	-	-	-	-	-	-	-	-	-
Legal Staff	1,334	22	1,334	-	1,334	-	1,334	-	1,334	-	-	1,334	-	1,334
Legal Staff	1,500	2	1,500	-	1,500	-	-	-	-	-	-	-	-	-
Legal Staff	5,600	2	5,600	-	5,600	-	-	-	-	-	-	-	-	-
Headcount =	16	65,102	65,434	-	65,434	-	56,334	-	56,334	-	-	56,334	-	27,862

Compliance

Legal compliance	3,896	2	3,896	-	3,896	-	-	-	-	-	-	-	-	-
Legal compliance	2,083	2	2,083	-	2,083	-	-	-	-	-	-	-	-	-
Headcount =	2	5,979	5,979	-	5,979	-	-	-	-	-	-	-	-	-

Facilities

Manager	2,750	4	2,750	-	2,750	-	2,750	-	-	-	-	-	-	-
Staff	2,380	14	2,380	-	2,380	-	2,380	-	2,380	-	-	2,380	-	2,380
Staff	1,502	2	1,502	-	1,502	-	-	-	-	-	-	-	-	-
Staff	1,707	2	1,707	-	1,707	-	-	-	-	-	-	-	-	-
Headcount =	4	8,339	8,339	-	8,339	-	5,130	-	2,380	-	-	2,380	-	2,380

Aviation

Flight Staff	4,594	2	4,594	-	4,594	-	-	-	-	-	-	-	-	-
Flight Staff	3,719	2	3,719	-	3,719	-	-	-	-	-	-	-	-	-
Flight Staff	3,719	2	3,719	-	3,719	-	-	-	-	-	-	-	-	-
Flight Staff	3,958	8	3,958	-	3,958	-	3,958	-	3,958	-	-	3,958	-	-
Flight Staff	2,500	2	2,500	-	2,500	-	-	-	-	-	-	-	-	-
Headcount =	5	18,490	18,490	-	18,490	-	3,958	-	3,958	-	-	3,958	-	-

Human Resources

Staff	2,292	22	2,292	-	2,292	-	2,292	-	2,292	-	-	2,292	-	2,292
Staff	1,610	2	1,610	-	1,610	-	-	-	-	-	-	-	-	-
Staff	2,113	2	2,113	-	2,113	-	-	-	-	-	-	-	-	-
Staff	1,787	2	1,787	-	1,787	-	-	-	-	-	-	-	-	-
Staff	4,084	14	4,084	-	4,084	-	4,084	-	4,084	-	-	4,084	-	4,084
Staff	2,334	8	2,334	-	2,334	-	2,334	-	2,334	-	-	2,334	-	-
Staff	1,939	2	1,939	-	1,939	-	-	-	-	-	-	-	-	-
Staff	1,456	14	1,456	-	1,456	-	1,456	-	1,456	-	-	1,456	-	1,456
Staff	1,544	2	1,544	-	1,544	-	-	-	-	-	-	-	-	-
Staff	1,566	2	1,566	-	1,566	-	-	-	-	-	-	-	-	-

First Magnus Financial Corp.  
26 Week Budget  
Payroll - Subject to Change

			1	2	3	4	5	6	7	8	9	10	11	12
	Bi-Weekly	Weeks	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End
	Payroll		08/24/07	08/31/07	09/07/07	09/14/07	09/21/07	09/28/07	10/05/07	10/12/07	10/19/07	10/26/07	11/02/07	11/09/07
Staff	1,566	2	1,566	-	1,566	-	-	-	-	-	-	-	-	-
Staff	1,992	2	1,992	-	1,992	-	-	-	-	-	-	-	-	-
Headcount =	12	24,283	24,283	-	24,283	-	10,166	-	10,166	-	-	10,166	-	7,832
<b>IT - Development</b>														
Analysis	3,250	22	3,250	-	3,250	-	3,250	-	3,250	-	-	3,250	-	3,250
Analysis	1,917	22	1,917	-	1,917	-	1,917	-	1,917	-	-	1,917	-	1,917
Analysis	1,958	6	1,958	-	1,958	-	1,958	-	1,958	-	-	-	-	-
Analysis	1,375	6	1,375	-	1,375	-	1,375	-	1,375	-	-	-	-	-
Analysis	1,667	2	1,667	-	1,667	-	-	-	-	-	-	-	-	-
Analysis	2,125	2	2,125	-	2,125	-	-	-	-	-	-	-	-	-
Data Collection	3,125	22	3,125	-	3,125	-	3,125	-	3,125	-	-	3,125	-	3,125
Data Collection	3,708	10	3,708	-	3,708	-	3,708	-	3,708	-	-	3,708	-	3,708
Data Collection	2,960	6	2,960	-	2,960	-	2,960	-	2,960	-	-	-	-	-
Data Collection	1,460	6	1,460	-	1,460	-	1,460	-	1,460	-	-	-	-	-
System Upkeep	2,292	10	2,292	-	2,292	-	2,292	-	2,292	-	-	2,292	-	2,292
System Upkeep	2,167	10	2,167	-	2,167	-	2,167	-	2,167	-	-	2,167	-	2,167
Design Packaging	2,084	2	2,084	-	2,084	-	-	-	-	-	-	-	-	-
Design Packaging	1,875	2	1,875	-	1,875	-	-	-	-	-	-	-	-	-
Headcount =	14	33,963	33,963	-	33,963	-	26,212	-	26,212	-	-	16,459	-	16,459
<b>IT - Operations</b>														
Systems, Servers and Storage	4,333	10	4,333	-	4,333	-	4,333	-	4,333	-	-	4,333	-	4,333
Systems, Servers and Storage	2,500	10	2,500	-	2,500	-	2,500	-	2,500	-	-	2,500	-	2,500
Systems, Servers and Storage	2,375	2	2,375	-	2,375	-	-	-	-	-	-	-	-	-
Systems, Servers and Storage	1,876	2	1,876	-	1,876	-	-	-	-	-	-	-	-	-
Network Stability	4,250	10	4,250	-	4,250	-	4,250	-	4,250	-	-	4,250	-	4,250
Network Stability	4,250	6	4,250	-	4,250	-	4,250	-	4,250	-	-	-	-	-
Network Stability	2,146	2	2,146	-	2,146	-	-	-	-	-	-	-	-	-
Network Stability	1,490	2	1,490	-	1,490	-	-	-	-	-	-	-	-	-
Telephony	4,000	10	4,000	-	4,000	-	4,000	-	4,000	-	-	4,000	-	4,000
Telephony	2,416	6	2,416	-	2,416	-	2,416	-	2,416	-	-	-	-	-
Infrastructure	3,000	10	3,000	-	3,000	-	3,000	-	3,000	-	-	3,000	-	3,000
Infrastructure	3,326	10	3,326	-	3,326	-	3,326	-	3,326	-	-	3,326	-	3,326
Infrastructure	1,925	10	1,925	-	1,925	-	1,925	-	1,925	-	-	1,925	-	1,925
Infrastructure	1,803	10	1,803	-	1,803	-	1,803	-	1,803	-	-	1,803	-	1,803
Infrastructure	1,508	6	1,508	-	1,508	-	1,508	-	1,508	-	-	-	-	-
Infrastructure	1,648	6	1,648	-	1,648	-	1,648	-	1,648	-	-	-	-	-
Infrastructure	1,713	10	1,713	-	1,713	-	1,713	-	1,713	-	-	1,713	-	1,713
Infrastructure	1,428	6	1,428	-	1,428	-	1,428	-	1,428	-	-	-	-	-
Infrastructure	2,917	10	2,917	-	2,917	-	2,917	-	2,917	-	-	2,917	-	2,917
Infrastructure	2,333	6	2,333	-	2,333	-	2,333	-	2,333	-	-	-	-	-
Infrastructure	2,292	10	2,292	-	2,292	-	2,292	-	2,292	-	-	2,292	-	2,292
Infrastructure	2,042	10	2,042	-	2,042	-	2,042	-	2,042	-	-	2,042	-	2,042
Management	6,500	14	6,500	-	6,500	-	6,500	-	6,500	-	-	6,500	-	6,500
Management	5,625	14	5,625	-	5,625	-	5,625	-	5,625	-	-	5,625	-	5,625
Management	6,250	14	6,250	-	6,250	-	6,250	-	6,250	-	-	6,250	-	6,250
Management	4,375	14	4,375	-	4,375	-	4,375	-	4,375	-	-	4,375	-	4,375
Management	1,750	10	1,750	-	1,750	-	1,750	-	1,750	-	-	1,750	-	1,750
Total IT	Headcount =	27	80,071	-	80,071	-	72,184	-	72,184	-	-	58,601	-	58,601
<b>Secondary Markets</b>														
Department Manager	9,168	22	9,168	-	9,168	-	9,168	-	9,168	-	-	9,168	-	9,168
Traders	2,500	22	2,500	-	2,500	-	2,500	-	2,500	-	-	2,500	-	2,500
Traders	2,000	22	2,000	-	2,000	-	2,000	-	2,000	-	-	2,000	-	2,000
Headcount =	3	13,668	13,668	-	13,668	-	13,668	-	13,668	-	-	13,668	-	13,668
<b>Closing, Shipping</b>														
SVP Collateral	4,375	22	4,375	-	4,375	-	4,375	-	4,375	-	-	4,375	-	4,375

First Magnus Financial Corp.  
26 Week Budget  
Payroll - Subject to Change

			1	2	3	4	5	6	7	8	9	10	11	12
	Bi-Weekly	Weeks	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End
	Payroll		08/24/07	08/31/07	09/07/07	09/14/07	09/21/07	09/28/07	10/05/07	10/12/07	10/19/07	10/26/07	11/02/07	11/09/07
Post Closing	2,850	22	2,850	-	2,850	-	2,850	-	2,850	-	-	2,850	-	2,850
Post Closing	1,880	WAMU	1,880	-	1,880	-	1,880	-	1,880	-	-	1,880	-	1,880
Post Closing	1,797	WAMU	1,797	-	1,797	-	1,797	-	1,797	-	-	1,797	-	1,797
Post Closing	1,638	WAMU	1,638	-	1,638	-	1,638	-	1,638	-	-	1,638	-	1,638
Shipping Manager	3,550	22	3,550	-	3,550	-	3,550	-	3,550	-	-	3,550	-	3,550
Staff	2,333	WAMU	2,333	-	2,333	-	2,333	-	2,333	-	-	2,333	-	2,333
File Review	2,292	6	2,292	-	2,292	-	2,292	-	2,292	-	-	-	-	-
Utility	2,504	WAMU	2,504	-	2,504	-	2,504	-	-	-	-	-	-	-
Utility	1,355	8	1,355	-	1,355	-	1,355	-	1,355	-	-	1,355	-	-
Staff	2,385	WAMU	2,385	-	2,385	-	2,385	-	-	-	-	-	-	-
Staff	2,073	WAMU	2,073	-	2,073	-	2,073	-	-	-	-	-	-	-
Staff	2,546	WAMU	2,546	-	2,546	-	2,546	-	-	-	-	-	-	-
Staff	2,745	WAMU	2,745	-	2,745	-	2,745	-	-	-	-	-	-	-
Shipper	2,015	8	2,015	-	2,015	-	2,015	-	2,015	-	-	2,015	-	-
File Review	2,083	4	2,083	-	2,083	-	2,083	-	-	-	-	-	-	-
Utility	900	8	900	-	900	-	900	-	900	-	-	900	-	-
Staff	1,597	WAMU	1,597	-	1,597	-	1,597	-	-	-	-	-	-	-
Staff	1,977	WAMU	1,977	-	1,977	-	1,977	-	-	-	-	-	-	-
EDI Shipping	2,469	6	2,469	-	2,469	-	2,469	-	2,469	-	-	-	-	-
Staff	1,512	WAMU	1,512	-	1,512	-	1,512	-	-	-	-	-	-	-
Headcount =	21	46,876	46,876	-	46,876	-	46,876	-	27,454	-	-	22,693	-	18,423
<b>Risk Mgmt, Underwriting, CS</b>														
SVP Risk Mgmt	6,250	22	6,250	-	6,250	-	6,250	-	6,250	-	-	6,250	-	6,250
Asset Management	3,417	22	3,417	-	3,417	-	3,417	-	3,417	-	-	3,417	-	3,417
Risk - Fraud - Per Joel	3,015	10	3,015	-	3,015	-	3,015	-	3,015	-	-	3,015	-	3,015
Risk - Fraud - Per Joel	1,875	10	1,875	-	1,875	-	1,875	-	1,875	-	-	1,875	-	1,875
Customer Service	1,453	8	1,453	-	1,453	-	1,453	-	1,453	-	-	1,453	-	-
Risk - Multi Use	4,367	8	4,367	-	4,367	-	4,367	-	4,367	-	-	4,367	-	-
Risk - Multi Use	2,667	22	2,667	-	2,667	-	2,667	-	2,667	-	-	2,667	-	2,667
Risk - Multi Use - Per Joel	3,701	8	3,701	-	3,701	-	3,701	-	3,701	-	-	3,701	-	-
Risk - Multi Use	3,500	14	3,500	-	3,500	-	3,500	-	3,500	-	-	3,500	-	3,500
FHA Insuring	1,708	4	1,708	-	1,708	-	1,708	-	-	-	-	-	-	-
VA Guarantee	1,488	4	1,488	-	1,488	-	1,488	-	-	-	-	-	-	-
Risk - Multi Use	4,583	8	4,583	-	4,583	-	4,583	-	4,583	-	-	4,583	-	-
Utility	800	6	800	-	800	-	800	-	800	-	-	-	-	-
Risk - Multi Use - Per Joel	2,455	8	2,455	-	2,455	-	2,455	-	2,455	-	-	2,455	-	-
Collections Manager/Cust. Serv	2,083	12	2,083	-	2,083	-	2,083	-	2,083	-	-	2,083	-	2,083
Loan Reconciliation	3,000	8	3,000	-	3,000	-	3,000	-	3,000	-	-	3,000	-	-
Utility	800	6	800	-	800	-	800	-	800	-	-	-	-	-
Purchase Clearing	1,875	4	1,875	-	1,875	-	1,875	-	-	-	-	-	-	-
Notes/Purchase Clearing	2,500	8	2,500	-	2,500	-	2,500	-	2,500	-	-	2,500	-	-
Utility	800	8	800	-	800	-	800	-	800	-	-	800	-	-
Scanning Manager	1,729	8	1,729	-	1,729	-	1,729	-	1,729	-	-	1,729	-	-
Headcount =	21	54,066	54,066	-	54,066	-	54,066	-	48,995	-	-	47,395	-	22,807
<b>Broker/Consumer Hotline</b>														
Manager	4,750	12	4,750	-	4,750	-	4,750	-	4,750	-	-	4,750	-	4,750
Staff	2,325	4	2,325	-	2,325	-	2,325	-	-	-	-	-	-	-
Staff	1,750	4	1,750	-	1,750	-	1,750	-	-	-	-	-	-	-
Staff	1,100	4	1,100	-	1,100	-	1,100	-	-	-	-	-	-	-
Staff	8,500	12	8,500	-	8,500	-	8,500	-	8,500	-	-	8,500	-	8,500
Headcount =	5	18,425	18,425	-	18,425	-	18,425	-	13,250	-	-	13,250	-	13,250
<b>Special Projects</b>														
Staff	3,500	12	3,500	-	3,500	-	3,500	-	3,500	-	-	3,500	-	3,500
Staff	4,000	12	4,000	-	4,000	-	4,000	-	4,000	-	-	4,000	-	4,000
Staff	5,000	12	5,000	-	5,000	-	5,000	-	5,000	-	-	5,000	-	5,000

First Magnus Financial Corp.  
26 Week Budget  
Payroll - Subject to Change

First Magnus Financial Corp.			1		2		3		4		5		6		7		8		9		10		11		12					
26 Week Budget			Week End		Week End		Week End		Week End		Week End		Week End		Week End		Week End		Week End		Week End		Week End		Week End					
Payroll - Subject to Change			08/24/07		08/31/07		09/07/07		09/14/07		09/21/07		09/28/07		10/05/07		10/12/07		10/19/07		10/26/07		11/02/07		11/09/07					
Bi-Weekly Payroll			Weeks																											
Staff			4		12		6,250		-		6,250		-		6,250		-		-		6,250		-		6,250					
Headcount =			4		18,750		18,750		-		18,750		-		18,750		-		-		18,750		-		18,750					
Accounting			5,834		22		5,834		-		5,834		-		5,834		-		-		5,834		-		5,834					
Sr. Financial Analyst			6,750		22		6,750		-		6,750		-		6,750		-		-		6,750		-		6,750					
Controller			4,500		22		4,500		-		4,500		-		4,500		-		-		4,500		-		4,500					
Process Director			2,729		22		2,729		-		2,729		-		2,729		-		-		2,729		-		2,729					
Assistant Controller			1,417		22		1,417		-		1,417		-		1,417		-		-		1,417		-		1,417					
Accounting Staff			2,333		22		2,333		-		2,333		-		2,333		-		-		2,333		-		2,333					
Accounting Staff			1,438		22		1,438		-		1,438		-		1,438		-		-		1,438		-		1,438					
Accounting Staff			1,056		WAMU		1,056		-		1,056		-		1,056		-		-		1,056		-		1,056					
Accounting Staff			8		26,057		26,057		-		26,057		-		26,057		-		-		26,057		-		26,057					
Field Staff			2,500		4		2,500		-		2,500		-		2,500		-		-		2,500		-		2,500					
Field Staff 1			2,500		4		2,500		-		2,500		-		2,500		-		-		2,500		-		2,500					
Field Staff 2			2,500		4		2,500		-		2,500		-		2,500		-		-		2,500		-		2,500					
Field Staff 3			2,500		4		2,500		-		2,500		-		2,500		-		-		2,500		-		2,500					
Field Staff 4			2,500		4		2,500		-		2,500		-		2,500		-		-		2,500		-		2,500					
Field Staff 5			2,500		4		2,500		-		2,500		-		2,500		-		-		2,500		-		2,500					
Field Staff 6			2,500		4		2,500		-		2,500		-		2,500		-		-		2,500		-		2,500					
Field Staff 7			2,500		4		2,500		-		2,500		-		2,500		-		-		2,500		-		2,500					
Field Staff 8			2,500		4		2,500		-		2,500		-		2,500		-		-		2,500		-		2,500					
Field Staff 9			2,500		4		2,500		-		2,500		-		2,500		-		-		2,500		-		2,500					
Field Staff 10			2,500		4		2,500		-		2,500		-		2,500		-		-		2,500		-		2,500					
Field Staff 11			2,500		4		2,500		-		2,500		-		2,500		-		-		2,500		-		2,500					
Field Staff 12			2,500		4		2,500		-		2,500		-		2,500		-		-		2,500		-		2,500					
Headcount =			12		30,000		30,000		-		30,000		-		30,000		-		-		30,000		-		30,000					
Total Payroll - Salary			Total Headcount =		159		485,736		486,068		-		486,068		-		423,493		-		344,408		-		314,711		-		251,089	
Payroll Taxes and Benefits			20.0%		97,147		97,214		-		97,214		-		84,699		-		68,882		-		-		62,942		-		50,218	
Total Payroll					582,883		583,282		-		583,282		-		508,192		-		413,290		-		-		377,654		-		301,307	



First Magnus Financial Corp.  
26 Week Budget  
Payroll - Subject to Change

Executive

CEO  
COO  
CFO  
CIO  
Sr. VP

	13	14	15	16	17	18	19	20	21	22	23	24	25	26	Six
	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Week End	Month
	11/16/07	11/23/07	11/30/07	12/07/07	12/14/07	12/21/07	12/28/07	01/04/08	01/11/08	01/18/08	01/25/08	02/01/08	02/08/08	02/15/08	Total
		8,333	-	8,333	-	8,333	-	-	8,333	-	8,333	-	8,333	-	100,000
		-	-	-	-	-	-	-	-	-	-	-	-	-	50,000
		-	-	-	-	-	-	-	-	-	-	-	-	-	50,000
		-	-	-	-	-	-	-	-	-	-	-	-	-	25,000
		-	-	-	-	-	-	-	-	-	-	-	-	-	25,000
Headcount =	-	8,333	-	8,333	-	8,333	-	-	8,333	-	8,333	-	8,333	-	250,000

Legal

In House Attorney  
In House Attorney  
In House Attorney  
In House Attorney  
In House Attorney  
In House Attorney  
In House Attorney  
In House Attorney  
In House Attorney  
In House Attorney  
Legal Staff  
Legal Staff  
Legal Staff  
Legal Staff  
Legal Staff

		7,500	-	7,500	-	7,500	-	-	7,500	-	7,500	-	7,500	-	90,000
		6,000	-	6,000	-	6,000	-	-	6,000	-	6,000	-	6,000	-	72,000
		-	-	-	-	-	-	-	-	-	-	-	-	-	30,000
		-	-	-	-	-	-	-	-	-	-	-	-	-	15,200
		-	-	-	-	-	-	-	-	-	-	-	-	-	48,000
		6,000	-	6,000	-	-	-	-	-	-	-	-	-	-	21,460
		-	-	-	-	-	-	-	-	-	-	-	-	-	22,500
		-	-	-	-	-	-	-	-	-	-	-	-	-	27,085
		-	-	-	-	-	-	-	-	-	-	-	-	-	40,000
		5,000	-	5,000	-	-	-	-	-	-	-	-	-	-	16,665
		-	-	-	-	-	-	-	-	-	-	-	-	-	16,224
		2,028	-	2,028	-	-	-	-	-	-	-	-	-	-	9,450
		-	-	-	-	-	-	-	-	-	-	-	-	-	4,000
		1,334	-	1,334	-	1,334	-	-	1,334	-	1,334	-	1,334	-	16,008
		-	-	-	-	-	-	-	-	-	-	-	-	-	3,000
		-	-	-	-	-	-	-	-	-	-	-	-	-	11,200
Headcount =	-	27,862	-	27,862	-	14,834	-	-	14,834	-	14,834	-	14,834	-	442,792

Compliance

Legal compliance  
Legal compliance

		-	-	-	-	-	-	-	-	-	-	-	-	-	7,792
		-	-	-	-	-	-	-	-	-	-	-	-	-	4,166
Headcount =	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,958

Facilities

Manager  
Staff  
Staff  
Staff

		-	-	-	-	-	-	-	-	-	-	-	-	-	8,250
		2,380	-	2,380	-	-	-	-	-	-	-	-	-	-	19,040
		-	-	-	-	-	-	-	-	-	-	-	-	-	3,004
		-	-	-	-	-	-	-	-	-	-	-	-	-	3,414
Headcount =	-	2,380	-	2,380	-	-	-	-	-	-	-	-	-	-	33,708

Aviation

Flight Staff  
Flight Staff  
Flight Staff  
Flight Staff  
Flight Staff

		-	-	-	-	-	-	-	-	-	-	-	-	-	9,188
		-	-	-	-	-	-	-	-	-	-	-	-	-	7,438
		-	-	-	-	-	-	-	-	-	-	-	-	-	7,438
		-	-	-	-	-	-	-	-	-	-	-	-	-	19,790
		-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Headcount =	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,854

Human Resources

Staff  
Staff  
Staff  
Staff  
Staff  
Staff  
Staff  
Staff  
Staff  
Staff  
Staff

		2,292	-	2,292	-	2,292	-	-	2,292	-	2,292	-	2,292	-	27,504
		-	-	-	-	-	-	-	-	-	-	-	-	-	3,220
		-	-	-	-	-	-	-	-	-	-	-	-	-	4,226
		-	-	-	-	-	-	-	-	-	-	-	-	-	3,574
		-	-	-	-	-	-	-	-	-	-	-	-	-	32,672
		4,084	-	4,084	-	-	-	-	-	-	-	-	-	-	11,670
		-	-	-	-	-	-	-	-	-	-	-	-	-	3,878
		-	-	-	-	-	-	-	-	-	-	-	-	-	11,648
		1,456	-	1,456	-	-	-	-	-	-	-	-	-	-	3,088
		-	-	-	-	-	-	-	-	-	-	-	-	-	3,132

Staff  
Staff

6

First Magnus Financial Corp.  
26 Week Budget  
Payroll - Subject to Change

	13	14	15	16	17	18	19	20	21	22	23	24	25	26	Six Month
	Week End 11/16/07	Week End 11/23/07	Week End 11/30/07	Week End 12/07/07	Week End 12/14/07	Week End 12/21/07	Week End 12/28/07	Week End 01/04/08	Week End 01/11/08	Week End 01/18/08	Week End 01/25/08	Week End 02/01/08	Week End 02/08/08	Week End 02/15/08	Total
Post Closing	-	2,850	-	2,850	-	2,850	-	-	2,850	-	2,850	-	2,850	-	34,200
Post Closing	-	1,880	-	1,880	-	1,880	-	-	1,880	-	1,880	-	1,880	-	22,560
Post Closing	-	1,797	-	1,797	-	1,797	-	-	1,797	-	1,797	-	1,797	-	21,564
Post Closing	-	1,638	-	1,638	-	1,638	-	-	1,638	-	1,638	-	1,638	-	19,656
Post Closing	-	3,550	-	3,550	-	3,550	-	-	3,550	-	3,550	-	3,550	-	42,600
Shipping Manager	-	2,333	-	2,333	-	2,333	-	-	2,333	-	2,333	-	2,333	-	27,996
Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,168
File Review	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,512
Utility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,775
Utility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,155
Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,219
Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,638
Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,235
Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,075
Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,249
Shipper	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,500
File Review	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,791
Utility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,931
Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,876
Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,536
EDI Shipping	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Headcount =	-	18,423	-	18,423	-	18,423	-	-	18,423	-	18,423	-	18,423	-	319,736
<u>Risk Mgmt. Underwriting, CS</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,000
SVP Risk Mgmt	-	6,250	-	6,250	-	6,250	-	-	6,250	-	6,250	-	6,250	-	41,004
Asset Management	-	3,417	-	3,417	-	3,417	-	-	3,417	-	3,417	-	3,417	-	18,090
Risk - Fraud - Per Joel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,250
Risk - Fraud - Per Joel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,265
Customer Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,835
Risk - Multi Use	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,004
Risk - Multi Use	-	2,667	-	2,667	-	2,667	-	-	2,667	-	2,667	-	2,667	-	18,505
Risk - Multi Use	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,000
Risk - Multi Use - Per Joel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,124
Risk - Multi Use	-	3,500	-	3,500	-	-	-	-	-	-	-	-	-	-	4,464
FHA Insuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,915
VA Guarantee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,200
Risk - Multi Use	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,275
Utility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,583
Risk - Multi Use - Per Joel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000
Collections Manager/Cust. Serv	-	2,083	-	-	-	-	-	-	-	-	-	-	-	-	3,203
Loan Reconciliation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,625
Utility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,500
Purchase Clearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,000
Notes/Purchase Clearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,645
Utility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Scanning Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Headcount =	-	17,917	-	15,834	-	12,334	-	-	12,334	-	12,334	-	12,334	-	364,484
<u>Broker/Consumer Hotline</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,250
Manager	-	4,750	-	-	-	-	-	-	-	-	-	-	-	-	6,975
Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,250
Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,300
Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59,500
Staff	-	8,500	-	-	-	-	-	-	-	-	-	-	-	-	108,275
Headcount =	-	13,250	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Special Projects</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,500
Staff	-	3,500	-	-	-	-	-	-	-	-	-	-	-	-	28,000
Staff	-	4,000	-	-	-	-	-	-	-	-	-	-	-	-	35,000
Staff	-	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-

First Magnus Financial Corp.  
26 Week Budget  
Payroll - Subject to Change

	13	14	15	16	17	18	19	20	21	22	23	24	25	26	Six Month Total
	Week End 11/16/07	Week End 11/23/07	Week End 11/30/07	Week End 12/07/07	Week End 12/14/07	Week End 12/21/07	Week End 12/28/07	Week End 01/04/08	Week End 01/11/08	Week End 01/18/08	Week End 01/25/08	Week End 02/01/08	Week End 02/08/08	Week End 02/15/08	
Staff	-	6,250	-	-	-	-	-	-	-	-	-	-	-	-	43,750
Headcount "	-	18,750	-	-	-	-	-	-	-	-	-	-	-	-	131,250
Accounting	-	5,834	-	5,834	-	5,834	-	-	5,834	-	5,834	-	5,834	-	70,008
Sr. Financial Analyst	-	6,750	-	6,750	-	6,750	-	-	6,750	-	6,750	-	6,750	-	81,000
Controller	-	4,500	-	4,500	-	4,500	-	-	4,500	-	4,500	-	4,500	-	54,000
Process Director	-	2,729	-	2,729	-	2,729	-	-	2,729	-	2,729	-	2,729	-	32,748
Assistant Controller	-	1,417	-	1,417	-	1,417	-	-	1,417	-	1,417	-	1,417	-	17,004
Accounting Staff	-	2,333	-	2,333	-	2,333	-	-	2,333	-	2,333	-	2,333	-	27,996
Accounting Staff	-	1,438	-	1,438	-	1,438	-	-	1,438	-	1,438	-	1,438	-	17,256
Accounting Staff	-	1,056	-	1,056	-	1,056	-	-	1,056	-	1,056	-	1,056	-	12,672
Headcount "	-	26,057	-	26,057	-	26,057	-	-	26,057	-	26,057	-	26,057	-	312,684
Field Staff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Field Staff 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Field Staff 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Field Staff 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Field Staff 4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Field Staff 5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Field Staff 6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Field Staff 7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Field Staff 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Field Staff 9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Field Staff 10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Field Staff 11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Field Staff 12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,000
Headcount "	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
Total Payroll - Salary	-	185,515	-	151,431	-	104,233	-	-	104,233	-	104,233	-	104,233	-	3,059,717
Total Headcount "	-	185,515	-	151,431	-	104,233	-	-	104,233	-	104,233	-	104,233	-	3,059,717
Payroll Taxes and Benefits	-	37,103	-	30,286	-	20,847	-	-	20,847	-	20,847	-	20,847	-	611,943
Total Payroll	-	222,618	-	181,718	-	125,080	-	-	125,080	-	125,080	-	125,080	-	3,671,661